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C O N F I D E N T I A L SECTION 01 OF 02 SARAJEVO 001678

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DEPARTMENT FOR EUR (DICARLO), EUR/SCE (HOH/FAGAN/STINCHCOMB)

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TAGS: [PGOV](#) [PREL](#) [BK](#)

SUBJECT: BOSNIA-CROATS MAKE RUCKUS IN THE CALM OF SUMMER

REF: SARAJEVO 01519

Classified By: POL Michael J. Murphy Reasons 1.4(b) and (d)

11. Summary: (C) Croat issues have taken center stage in an otherwise calm political environment, as most other politicians appear to be gearing up for a lazy August. Croats finally managed to resolve the nagging issue of forming a government in the Herzegovina Neretva Canton (HNK), but the ideologically diametric governing coalition of Croatian Democratic Union 1990 (HDZ-1990), Party for Bosnia-Herzegovina (SBiH), Croatian Party of Rights-Djapic Jurisic (HSP-DJ), Party of Democratic Action (SDA), and Alliance of Independent Social Democrats (SNSD) almost certainly is in for a turbulent term. HDZ-BiH deputy chairman Niko Lozancic, in a transparent effort to capitalize on the lure of August vacation, attempted to push an amendment to Bosnia's immunity law through the parliament but High Representative Miroslav Lajcak worked behind the scenes to successfully kill the legislation--at least for now. Furthermore, Croats continue to assert their national rights, this time insinuating they might employ their Vital National Interest veto to overturn a recently passed framework law on higher education. End Summary.

HNK Forms Government Ten Months after Elections  
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12. (SBU) On August 1 Croat and Bosniak political parties, facing the threat of "serious sanctions" from the OHR, formed a government in HNK with Srecko Boras of HDZ 1990 at the helm. For ten months HDZ-BiH and HDZ-1990 had been engaged in a bitter battle for the Prime Minister post and neither had seemed capable of achieving the constitutionally mandated 2/3 support in the Cantonal assembly to form a government until Sulejman Tihic, SDA reluctantly switched alliances from Croatian Democratic Union of Bosnia-Herzegovina (HDZ-BiH) to HDZ-1990. SDA's support came with lofty demands, however, for the money ministries: Finance and Education--the latter of which controls the greatest percentage of the Canton's budget. With tenuous guarantees from hesitant SDA officials, Boras presented his government to the Assembly for confirmation, only to have them point out that his cabinet lacked a Serb minister as required in the Constitution. The end result of the hurried search for a suitable Serb was a tennis coach from Milorad Dodik, SNSD, generating an eclectic governing coalition of HDZ-1990, SBiH, HSP-DJ, SDA, and SNSD. With the government now in place, the High Representative plans to lift sanctions against the parties early next week.

¶3. (C) HDZ-BiH chairman Dragan Covic,s deputy and right hand Niko Lozancic, Deputy Speaker of Parliament, lost to OHR the first round of what is likely to be an extensive campaign to amend Bosnia,s state-level immunity law. Lozancic--perhaps to bolster Covic,s odds in his ongoing corruption litigation--introduced into parliament a draft amendment prohibiting the arrest of any State parliamentarian without the approval of the appropriate legislative body. The amendment would not apply to serious offenses that carry a mandatory sentence of 5 or more years. Lozancic wanted the proposal considered under "urgent procedure" on July 31, which would have required a vote the following day. Strong pressure from the High Representative Miroslav Lajcak, however, who viewed the haste as an attempt to pass legislation through the back door without a public debate, resulted in the removal of the proposal from the agenda. Nevertheless, Lozancic has a deft legal mind and is likely to find a way to bring the issue back to the fore when parliament reconvenes from summer holiday. At the August 3 Steering Board Ambassadors (SBA), Lajcak predicted Lozancic would reintroduce the legislation in September.

Croats Oppose Law on Higher Education  
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¶4. (SBU) The State Parliament adopted on July 30 a framework law on accreditation for higher education, despite opposition from Bosnian Croat delegates. Croat politicians argued the rights of the Croats were not respected in this case, which is an example of why constitutional reform is needed. They

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had envisioned having a comprehensive law at the state level or cantonal level that would, among other things, regulate financing for higher education. Serb pressure, however, forced a compromise in which the state would be responsible primarily for issues of accreditation and licensing, while the entities would maintain control over other major competences. Immediately following the decision on the higher education law, Croat delegates announced they would review their options, which some interpret as a thinly veiled threat to veto the law based on Vital National Interest. Their remarks have generated little reaction, however, and no concrete action has been taken. The law represents a significant step towards fulfilling Bosnia's European partnership requirements and in the area of education reform. As with other framework laws, implementation will be a critical challenge at both the entity and canton levels.  
MCELHANEY